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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

12 July 1954

MEMORANDUM FOR THE SECRETARY OF STATE

1. In the light of existing intelligence we consider the following to be the most probable developments in the Indo-china situation *in the absence of an agreed and maintained U.S.A., U.K., and French position.*

a. The USSR, Chinese Communists, and Viet Minh will make proposals which Mendes-France (boxed in as he is by his own deadline, his political maneuvering, and the critical French military situation) will accept, with perhaps a few modifications, rather than risk a continuation of the battle. The British will probably go along with him rather than actively intervene in the Indochina fighting.

b. The agreed arrangements will vary substantially from the seven-point US-UK program. Such arrangements may save French face by leaving a temporary semblance of French influence in parts of the area. However, we believe that such arrangements will not prevent Communist infiltration into and eventual control of most, if not all, of Indochina.

c. The Vietnamese government of Diem will reject the arrangements, but Bao Dai's acceptance of them will be bought by the French, and a new Vietnamese government formed which will acquiesce.

d. US rejection of or non-acquiescence in the arrangements accepted by Mendes-France will be represented by the Communists as an example of US inflexibility, lack of sympathy for nationalist aspirations in Asia, and lack of understanding of the problems of his allies but the Communist will probably go along with the arrangement, nevertheless. The fact that the Indochinese war was speedily brought to an end as soon as the US withdrew from active participation in the negotiations will probably be emphasized. This propaganda will have appreciable effect in parts of the non-Communist world.

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2. While we consider the foregoing to be the most likely general line of Communist action, it is possible that the Communists may undertake a much more dangerous policy, as follows:

a. Upon US rejection of or non-acquiescence in arrangements accepted by Mendes-France, the Communists may state that it is not worth their while to enter into an agreement not accepted by all the major powers represented at Geneva, and the US policy, together with Diem's attitude, makes any agreement impossible.

b. The Viet Minh forces will then make an all-out attack on Hanoi with the possibility that they could isolate it and turn it into another Dien Bien Phu. The French might of course succeed in evacuating from Hanoi a part of their force and some of the loyal Viet Nam civilians.

c. The Communists would so maneuver as to place the blame upon the United States for this situation and this would be widely accepted in France and to some extent in England.

3. Our analysis of the situation in Hanoi is that the Viet Minh forces could probably take the city which is on the south side of the Red River and highly vulnerable, within a few weeks, or on the alternative they could shortly cut off the rail line from Hanoi to Haiphong. Even assuming that Mendes-France rejected the Communist proposals and fought on it is unlikely that the French Union forces could hold Hanoi until conscript reinforcements arrive next September or later, unless American air and naval forces were thrown into the battle.


ALLEN W. DULLES
Director

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C E N T R A L I N T E L L I G E N C E A G E N C Y

12 July 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Critical Factors Underlying the Viability of a South Vietnam State

THE PROBLEM

To estimate what factors would be of critical importance in the establishment of a viable South Vietnam state after the withdrawal of the non-Communists from North Vietnam.

DISCUSSION

1. We consider the following factors to be essential in the establishment of a viable South Vietnam state:

a. That the government of South Vietnam receive international recognition and support. It would be particularly advantageous if the military strength of the US and UK were committed to protecting the integrity of the South Vietnam state and if the Colombo powers extended diplomatic recognition and support.

b. That the line between North and South Vietnam and the borders of Laos and Cambodia be secured. In the event of a cease fire, this would have to be done by means of an international guarantee (preferably including the US and the UK), combined with international supervision. If no cease fire obtained, substantial outside forces would be required to secure the borders. The location of the north-south border is not a critical factor so long as it: (a) bisects Vietnam north of Tourane, and (b) is so drawn as to facilitate international supervision and military defense.

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c. That South Vietnam be independent of France and that this be manifested in terms visible to the average Vietnamese. Although the government probably could not maintain the necessary appearance of independence while holding membership in the French Union as presently constituted, the Vietnamese might be willing to be members of a less formal organization, somewhat similar to the British Commonwealth. In addition, it would be important to assure them that unification of Vietnam was the long-range goal.

d. That the government be capable of maintaining internal security. It would be essential that Viet Minh regulars and guerrillas be withdrawn, preferably through international agreement under effective international supervision, and that a competent national police force be established. Provided that South Vietnam was not required for the short term to assume more than a minor share in the defense of its borders, adequate forces would probably be available from among present Vietnamese forces in Central and South Vietnam.

e. That the government achieve short-term economic viability by:
(i) reducing share of national income being withdrawn from the country; (ii) exporting sufficient raw materials, principally rice and rubber, to pay for imports of manufactured goods; and (iii) obtaining the substantial technical and financial assistance required to support Vietnam during the initial period.

f. That the new South Vietnam government quickly establish a reputation for competence and efficiency. There are a few individuals who have displayed genuine leadership and others may emerge when an

independent South Vietnam state is established. In any event, foreign administrative assistance would be required for an indefinite period of time. Administrative reform of the extent required would be impossible under the present leadership of Bao Dai and his entourage.

2. We consider that it would be possible, if all the critical factors listed above were present, to establish a viable South Vietnam state. We recognize, however, that the difficulties would be enormous. Even assuming that the US and the UK were willing to support a South Vietnam state and guarantee its integrity and that France relinquished its political and economic dominance, it would be extremely difficult to organize an effective Vietnamese government in the chaotic situation which would exist following the signing of a cease-fire agreement between the French and the Communists. Such a government would have to establish itself as a rallying-point for non-Communist nationalist elements, even though it had accepted the loss of Tonkin and a division of the country, however temporary. Once established, the new government would be immediately confronted, in addition to the security problems already present in Vietnam, with the task of coping with a Viet Minh underground which would almost certainly be left behind as the Viet Minh withdrew their regular troop formations. Moreover, even if international supervision of the borders was effective in preventing the movement of large military units, it would be impossible to seal the border against the infiltration of individuals. The government would therefore be the target of an increasing campaign of Communist subversion in addition to overt political pressures from the north. 25X1